

FIG 1

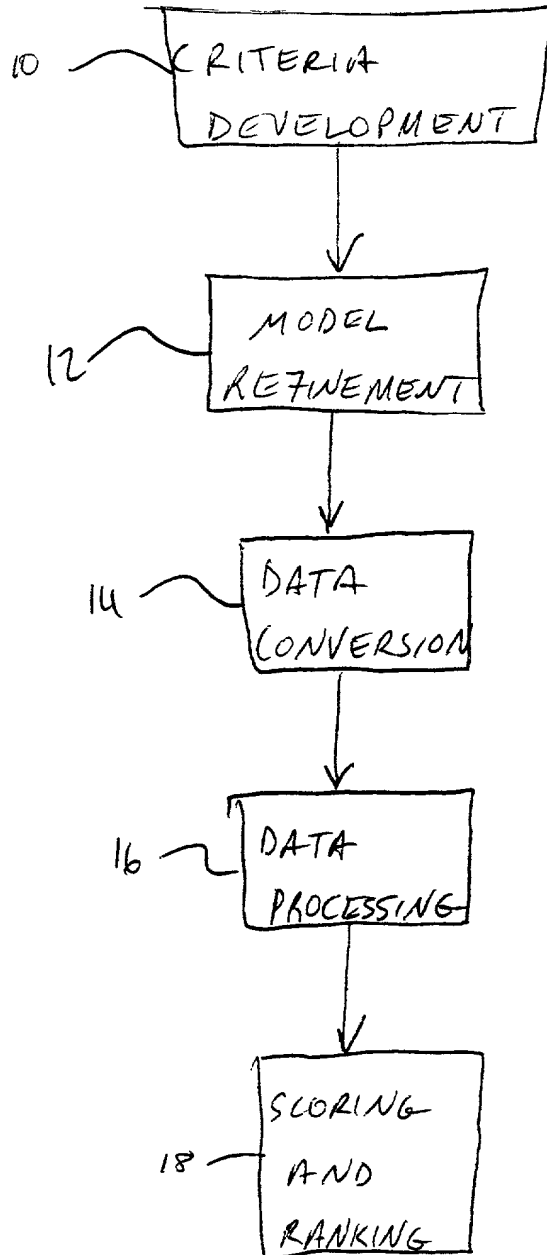
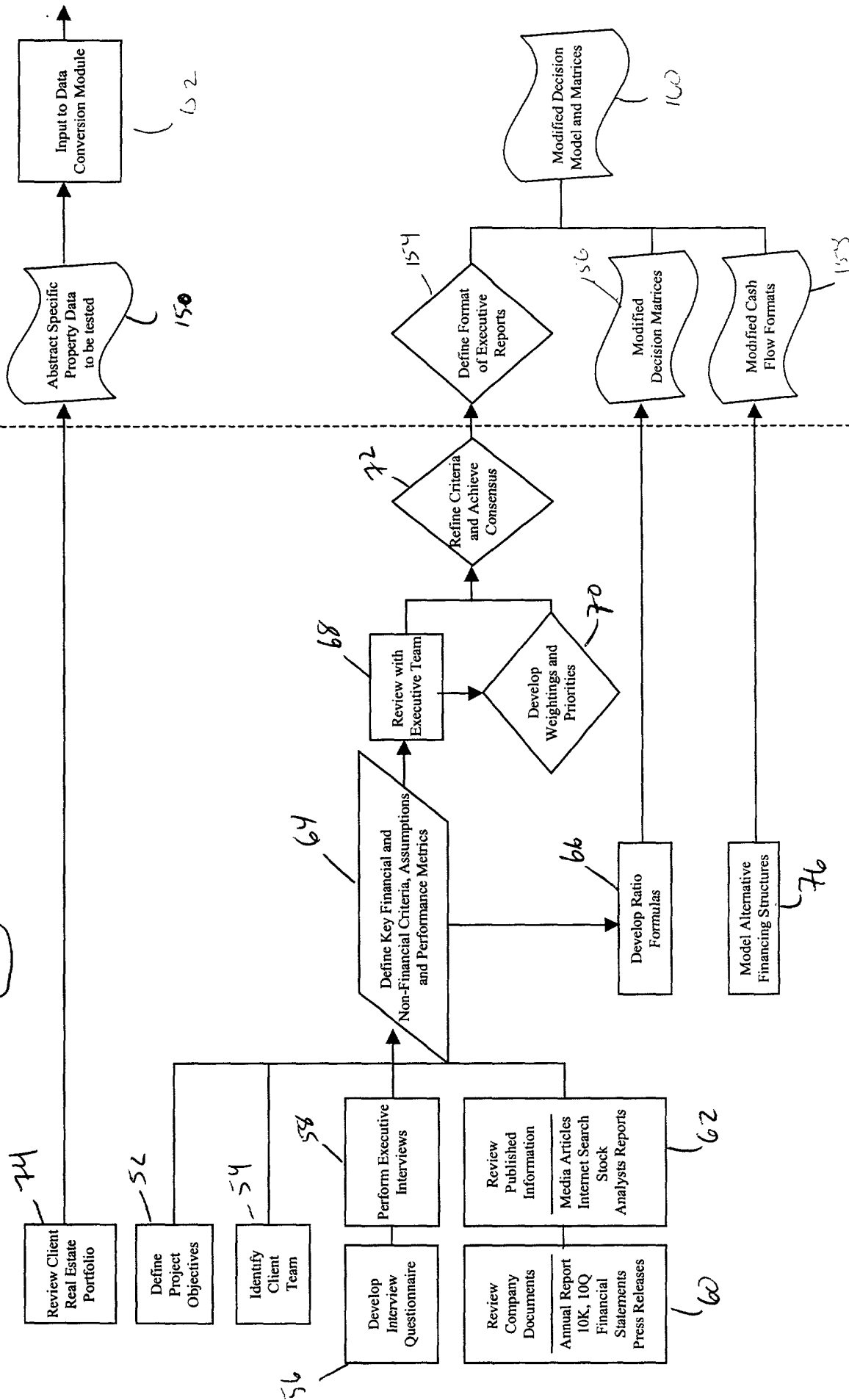


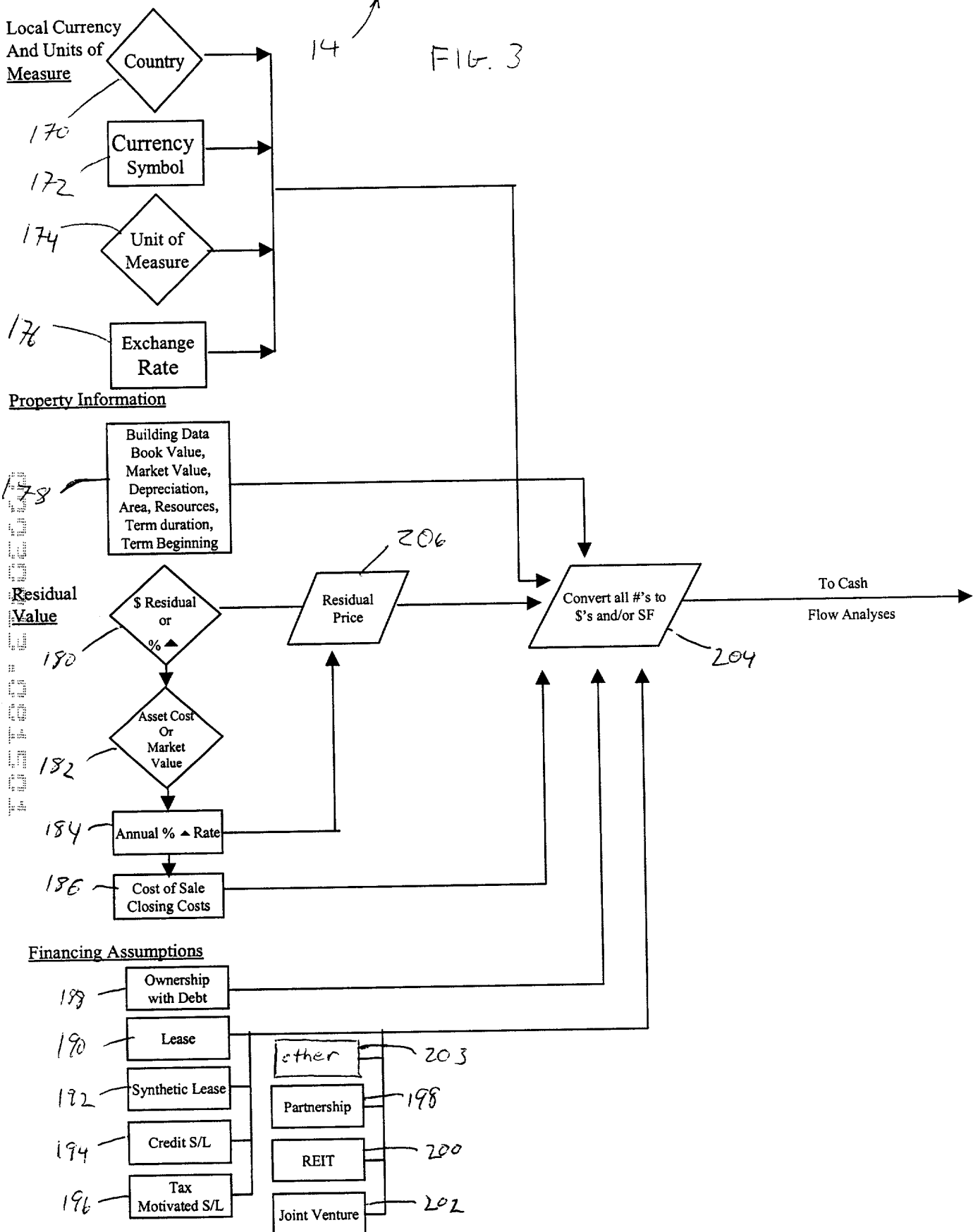
FIG. 2

## Criteria Development

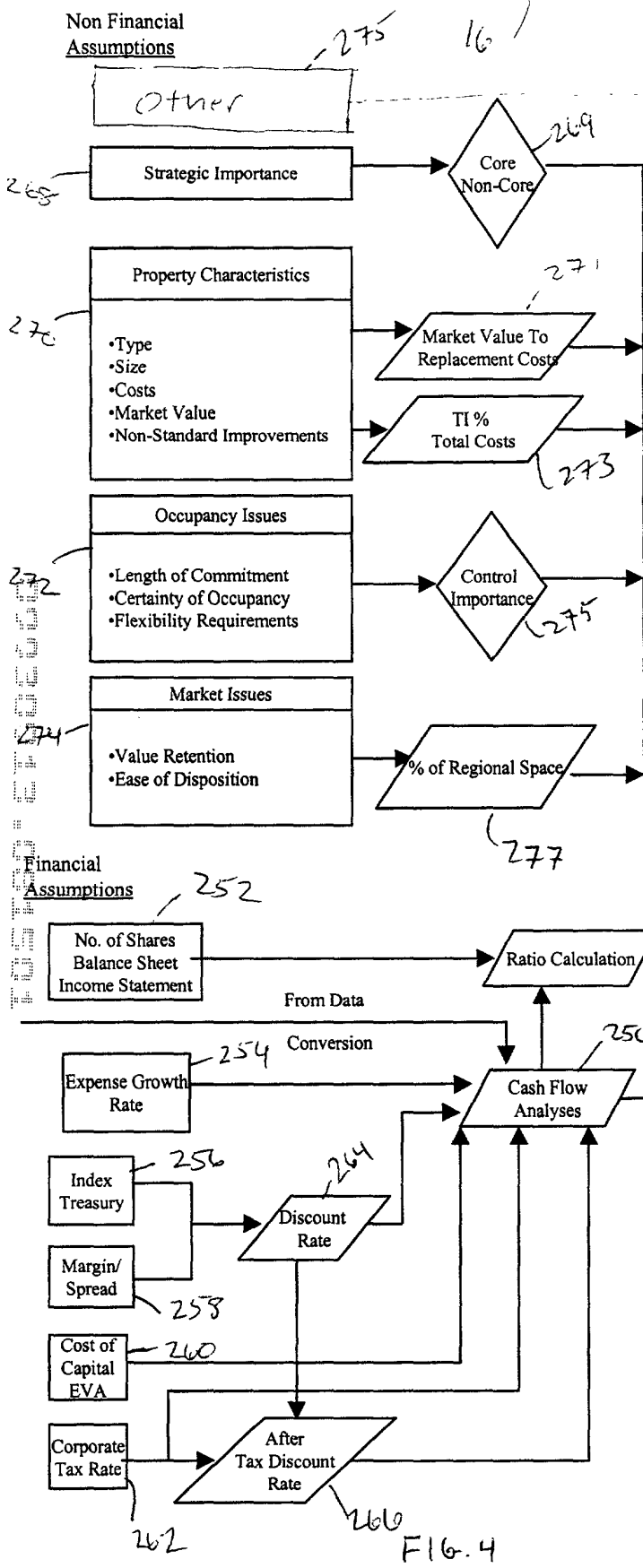
## Model Refinement



# Decision Model – Data Conversion



## Decision Model – Data Processing



## Scoring and Ranking

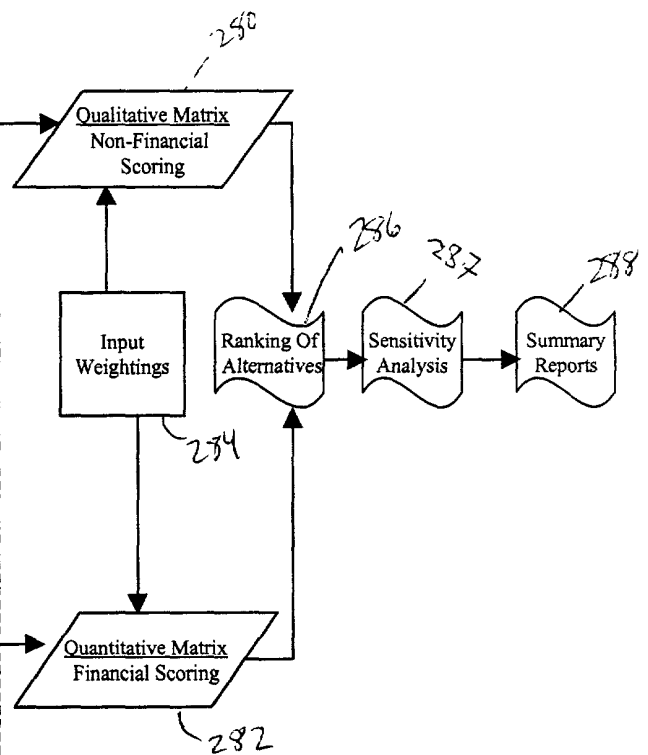
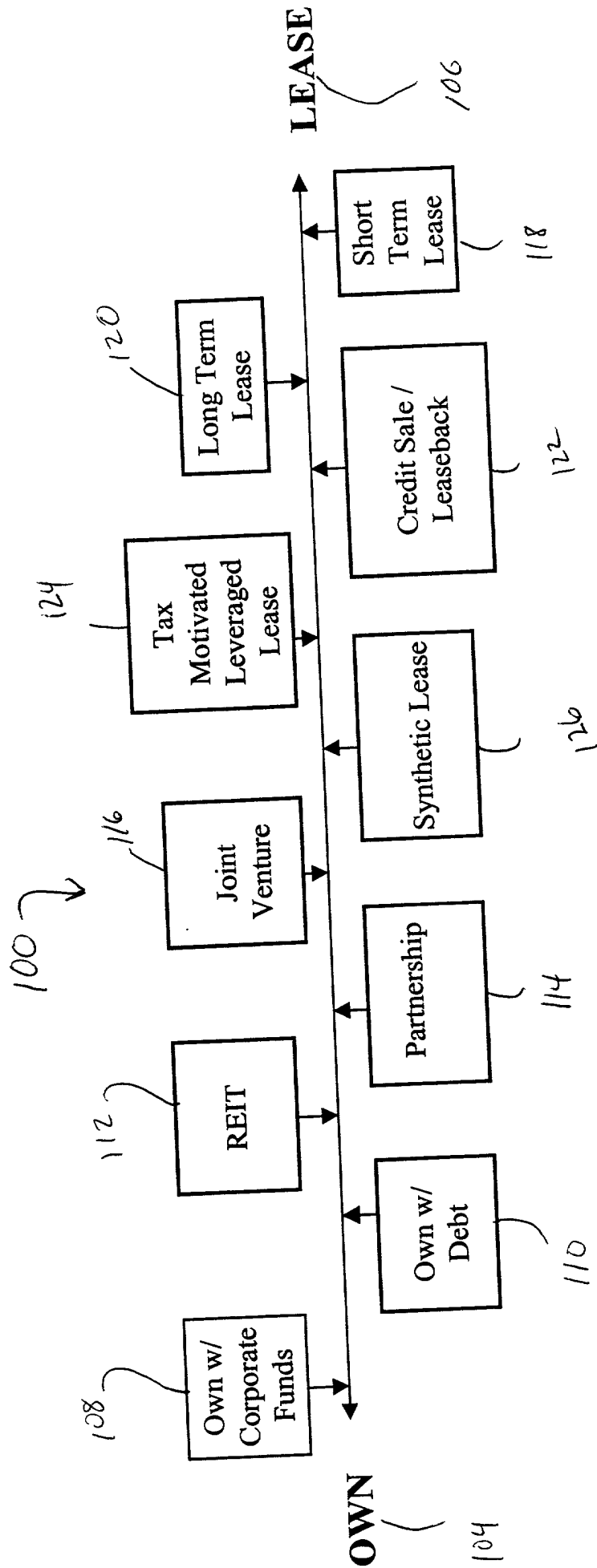


FIG. 5



**Base Model: "New Acquisition"**

Scoring Matrix - Financial		Ownership - Debt				Synthetic Lease			
		Weighting	Score	Wtd Score	Score	Wtd Score	Score	Wtd Score	
Financial									
1	Net Present Value after Tax	50%	3	1.50	2	1.00	1	0.50	
2	Economic Value-Added (EVA)	10%	3	0.30	2	0.20	1	0.10	
3	Balance Sheet Impact: Total Debt to Capital Capital Requirement		1 1		1 2		1 2		
	Average / Weighted Average	6%	1	0.05	1.5	0.08	1.5	0.08	
4	P&L Cost Impact: 1st Year Impact on Earnings (Loss) from Continuing Operations 12 Year Cumulative Impact on Earnings (Loss) from Continuing Operations		2 3		3 2		1 1		
	Average / Weighted Average	15%	2.5	0.38	2.5	0.38	1	0.15	
5	Credit Risk: EBIT Interest Coverage EBITDA Interest Coverage Free Cash Flows to Total Debt Funds from Operations to Total Debt		3 3 3 3		2 2 2 2		1 1 1 1		
	Average / Weighted Average	15%	3	0.45	2	0.30	1	0.15	
6	Profitability Ratios: Diluted EPS from Cont. Oper. Operating Profit/Net Sales Return on Assets Return on Equity Return on Total Capital		2 3 2 2 2		3 2 3 3 3		1 1 1 1 1		
	Average / Weighted Average	5%	2.2	0.11	2.8	0.14	1	0.05	
Totals		17%	2.79	2.09				1.03	

FIG. 6B

# Scoring Matrix – Qualitative Factors [Raw Scores]

**Base Model: "New Acquisition"**  
Real Estate Solution - Lease vs. Buy Analysis  
Non-Financial Input

Criteria	Determinant	Score	Ownership Debt			Synthetic Lease			Lease		
			Non-Core	Core	Core	Non-Core	Core	Core	Non-Core	Core	Core
7 Strategic Importance:	Degree Critical to Business	Core		3	3		3	3		1	1
8 Property Characteristics	Square Feet	Large		3	3		3	3		1	1
Facility Size	Total Replacement Cost	Medium		2	2		2	2		2	2
Replacement Cost	TI's % of Bldg Cost	20% - 50%		2	2		2	2		2	2
Degree of Specificity	Market Value / Replace Cost	>100%		1	1		1	1		1	1
Market Value/Book Value											
9 Occupancy Issues:	Term in Year	10>		3	3		3	3		1	1
Length of Commitment	Level of Certainty	Medium		2	2		2	2		2	2
Certainty of Occupancy											
Flexibility:	Level of Importance	< Important		2	2		2	2		2	2
Control of Environment											
10 Market Issues:	Market Conformance	High		1	1		1	1		1	1
Liquidity:	Size of Market	Primary		3	3		3	3		3	3
Value Retention:	Quality of Market	Equilibrium		2	2		2	2		2	2
Ease of Disposition:	Rent/Value Trends	Down		1	1		1	1		1	1
	entry % of Region	<50%		3	3		3	3		3	3
Total Score			28			30			28		

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# Scoring Matrix – Qualitative Factors [Weighted Scores]

**Base Model: "New Acquisition"**  
**Real Estate Solution - Lease vs. Buy Analysis**  
**Scoring Matrix - Non Financial**

Scoring Matrix - Non-Financial										
Criteria	Weighting	Ownership - Debt			Synthetic Lease			Lease		
		Score	Wtd Score	Wtd	Score	Wtd Score	Wtd	Score	Wtd Score	
Non-Financial										
7 Strategic Importance:	15.0%	3	0.45	3	0.45	3	0.45	1	0.15	
8 Property Characteristics										
Facility Size		3						1		
Replacement Cost		2						2		
Degree of Specificity		2						2		
Market Value/Book Value		1						3		
Average / Weighted Average	23.0%	2.0	0.45	2.5	0.59	2.0	0.46			
9 Occupancy Issues:										
Length of Commitment		3						1		
Certainty of Occupancy		2						2		
Flexibility:										
Control of Environment		2						2		
Average / Weighted Average	30.0%	2.3	0.70	1.7	0.50	1.7	0.50			
10 Market Issues:										
Liquidity:										
Value Retention:										
Market Conformance		1						3		
Ease of Disposition:										
Size of Market		3						3		
Quality of Market		2						2		
Rent/Value Trends		1						1		
Quality % of Region		3						3		
Average / Weighted Average	32.0%	2	0.64	2.4	0.77	2.4	0.77			
Totals	100.0%		2.25		2.29		1.88			



# Scoring Matrix - Combined

## Base Model: "New Acquisition"

Real Estate Solution - Lease vs. Buy Analysis

Scoring Matrix - Combined (Financial and Non-Financial Totals)

	Ownership - Debt			Synthetic Lease			Lease	
	Rank	Wtd Score		Rank	Wtd Score		Rank	Wtd Score
Financial Scoring Totals	3	2.79		2	2.09		1	1.03
Non-Financial Scoring Totals	2	2.25		3	2.29		1	1.88

Financial Scoring Rank (3+Highest, 1+Lowest)

- 3 Ownership - Debt
- 2 Synthetic Lease
- 1 Lease

Non-Financial Scoring Rank (3+Highest, 1+Lowest)

- 3 Synthetic Lease
- 2 Ownership - Debt
- 1 Lease